

PETERSON'S WATERFRONT RULES AND REGULATION COMPLIANCE POLICY

REASONS FOR RULES

Your Board of Directors (the "Board") has the responsibility of maintaining a quality of lifestyle for enjoyment of all owners while at the same time running a fiscally responsible not-for-profit organization and protecting the investment of the owners of Peterson's Waterfront.

Individuals who purchase a condominium must recognize that for the common good of all owners certain rules and regulations have to be followed by all owners, renters and their guests. And the Board must be impartial and apply the rules uniformly and without favoritism.

The Peterson's Waterfront Condominium Declaration (the "Declaration") establish certain rules and regulations which may only be changed with a 60% approval vote of the owners. In addition, the Declaration empowers the Board to adopt rules and regulations governing Peterson's Waterfront, establish fines for violations, and to appoint a manager to enforce the rules and regulations set out in the Declaration or adopted by the Board (See Sections 7.10 and 9.06 of the Declaration).

ENFORCEMENT AND FINES

The Board has authorized the Manager to take the following action to bring violators in compliance with the rule and regulations established by the Declaration and the rules and regulations established by the Board.

1. If there is a violation of a rule, the Manager will notify the violator in writing to cease and desist from the violation. This notification will include: (a) the nature of the violation; (b) the action required to remove the violation; (c) the right to appeal the notice of violation as set forth herein; (d) the proposed fine amount; and (e) notification of a grace period, if any, within which the violation must be cured to avoid having to pay the fine. NOTE: if the Manager provides for a grace period, the grace period shall be from one day to no more than 30 days depending on the urgency and nature of the violation.
2. The fine schedule shall be as follows:
 - A. \$50 per day for ongoing violations;
 - B. \$50 per violation for non-recurring violations; and
 - C. \$1,000 per violation for any action resulting in the closure of the pool.
3. The alleged violator shall have 3 days from receipt of the notice of violation to appeal the notice to the Board by submitting a written statement stating the grounds for the appeal to the Manager along with a non-refundable appeal fee of \$25. In the event the alleged violator does

not timely appeal the Manager's notice, then the Manager's notice of violation shall be binding on the violator. Upon timely receipt of an appeal, the Manager shall notify the Board and the Board shall schedule a meeting to hear and receive evidence from the Manager and the alleged violator before rendering a decision.

4. The Manager will notify the violator in writing a second time assessing a final fine pursuant to the schedule set forth above, upon the last of the following events to occur:

- A. the violator is not in compliance after the grace period, if one is provided;
- B. the appeal period has lapsed; or
- C. the Board renders a decision upholding a fine after an appeal.

All fines shall be due within 10 days of the violator's receipt of the notice imposing a fine.

5. If the violation remains after the notice in paragraph 4, above, or if the fines are not timely paid, then the Manager will apprise the Board of the situation. After Board review of the violation they will decide whether or not to pursue legal action to resolve the violation. If legal action is determined necessary by the Board, then the Association's attorney will be instructed to write a letter to the violator of the Board's intent to pursue this matter in the court system if the violation is not corrected and/or the fines are not paid within 5 days of the date of this letter.

6. If the violation is still present, litigation will proceed until the matter is resolved consistent with Section XI of the Declaration.

RULES SET FORTH IN DECLARATION INCLUDE THE FOLLOWING:

Section 6.06 No alterations, additions, substitutions, remodeling or redecorating of any nature may be made or additional furnishings or equipment added to any Unit by any TSO, and no structural alterations, additions or substitutions may be made by any FSO (excluding the Developer) unless and until (a) for any TSO, such TSO shall have obtained and presented to the Association written consents by all of the TSOs of such Unit to the proposed alteration, substitution, addition, remodeling or redecorating, as the same is represented by detailed description or plans and specifications therefor which are acceptable to the Association, and (b) for all Owners, the Board shall have approved said proposed alteration, addition, substitution, remodeling or redecorating. No revisions to such approved proposals may be effected without complying with this Section with respect to obtaining an initial approval. All such alterations, additions, substitutions, remodeling and redecorating shall be at the expense of the Owner(s) proposing same, shall be in full compliance with this Declaration, and shall be effected upon such other terms and conditions as may be imposed by the Board when affording it approval, which terms and conditions may include the requirement that the same become Furnishings to any Unit owned by TSOs upon their proper completion. Any furnishings, equipment, or other item which is placed in a Unit without the authorizations herein required may be summarily removed and stored by the Board at the expense of the noncomplying Owner.

Section 6.07 No Owner may in any manner alter the exterior appearance of the Buildings. Said restriction applies to all portions of the Building exteriors, including paint,

doors, windows and all landscaping, and no antenna or other structure, addition, device, or improvement of any kind or nature may be placed upon or about any Building by any Owner or other occupant of a Unit.

Section 6.08 Pets shall not be permitted in the Units or on the Property at any time and the Board shall have the right to impound any animals in violation of this restriction at the expense of the Owner to whose Unit such animal was brought or for which such Owner or Owner's tenant or guest was responsible, and the Board shall have the right to levy fines for persons violating this restriction, to prohibit access to the Property by such violators, and to adopt and enforce any other measures and penalties to promote compliance with this paragraph.

Section 6.09(d) That no Owner, or anyone dealing for or on behalf of such Owner or through or in connection with any interest of such Owner, has any right to take any action which would be inconsistent or interfere with any other person's rights hereunder with respect to the use, possession, enjoyment, management of disposition of the Condominium, or such other person's interest therein.

RULES ADOPTED BY THE BOARD OR REQUIRED BY LAW

a. The terms used herein shall have the same meanings as given to them in the Declaration. Additionally, the term "Manager" shall mean any person engaged by the Association to perform managerial or administrative functions for the Association.

b. These rules and regulations shall be applicable to all Owners and their respective family members, lessees, licensees, invitees, guests or agents.

c. No TSO may use any Unit for commercial or business activities.

d. The Common Areas and Facilities and Limited Common Areas and Facilities shall not be obstructed or used for any purpose other than ingress and egress, except for those areas designed for parking, storage, or other purposes specified in the Declaration by the Board.

e. No sign, signal or lettering shall be inscribed or exposed on or at any window or other part of the Building, nor shall anything be projected out of any window, except as shall have been approved in writing by the Board.

f. No awnings, air conditioning units or other projections shall be attached to outside walls of the Building or to the exterior of any door or on any deck or patio without the prior written approval of the Board.

g. No bicycles or other personal belongings shall be left or allowed to stand on any of the Property, other than within the confines of a Unit or on the walkways leading to the Units.

h. The Board may retain a pass key to each unit. No lock shall be altered nor may a new lock be installed except by the Board or the Manager.

- i. No employee hired by the Board (including the Manager) shall be asked to leave the property on any private business of any person.
- j. Textile items, including clothes, shall not be hung on any balcony or from any balcony railings for any purpose whatsoever. Clothing or laundry shall not be hung in doorways or windows in such manner as to be in view of persons outside of the Building.
- k. No garbage cans, household supplies, milk bottles or similar or other articles shall be placed outside the confines of a Unit, except as the Board shall prescribe.
- l. No person shall make or permit to be made any unreasonable noise in the Building which interferes with the rights, comforts and convenience of other persons. The foregoing shall be specifically applicable, but not limited, to stereophonic, television, musical and other electronic equipment.
- m. No radios or other electronic equipment may be placed on the decks, on or near the beaches, or in the vicinity of the tennis court or swimming pool at a level which disturbs any other person, nor may the same be played in such areas at any level between the hours of 11:00 p.m. and 8:00 a.m.
- n. No radio or television antenna shall be erected or maintained outside the physical confines of a Unit.
- o. All persons shall park cars and other vehicles (including motorcycles and bicycles) only in such parking stalls as may be assigned to him or her or in any parking area set aside for general use. Cars parked in stalls assigned to another, at the discretion of the Board or Manager, shall be removed summarily at the expense of the person violating this rule. No cars shall be allowed to protrude beyond parking stalls or to block the entrance or exit driveways. Only operative automobiles and other authorized vehicles may be parked in parking stalls.
- p. Excessive noise at any time or other violation of these rules shall be reported immediately to the Manager for appropriate action, and the reporter of the violation shall not become involved with the violator.
- q. No soliciting of goods, services or religious activities shall be permitted on the premises by any person, except as approved by the Board. Commercial newspaper solicitations are excepted from this rule.
- r. Signs, including, but not limited to, "For Sale," "For Rent" or "Open House" signs, shall be strictly regulated, on policy approved by the Board and administered by the Manager.
- s. The Manager shall not be responsible for personal property or deliveries left in Common Areas and Facilities or any other place on the premises nor for any article left with any employee.

t. Cigarettes shall not be extinguished or thrown in parking areas, corridors, stairways, sidewalks, grounds or other Common Areas and Facilities, nor shall cigarettes or other items be thrown from any window or balcony of a Unit.

u. Owners who rent, loan or otherwise permit occupancy of their Unit or TSO shall deliver a copy of the rules to the occupant. Owners shall assume responsibility for the acts or omissions of his or her lessee, licensee, invitee or guest.

v. The Common Areas and Facilities and Limited Common Areas and Facilities shall not be obstructed or used for purposes other than ingress and egress or their other intended purposes.

w. No person shall use on the premises, or bring onto the premises, any hazardous fluids, such as gasoline, kerosene, naphtha, benzene, explosives or articles deemed especially hazardous to persons or property. Individual exceptions for small quantities of such fluids or articles may be arranged with the Manager at his discretion.

x. Electrical and plumbing apparatus, such as toilets and garbage disposals, shall be used only for the purpose for which they were constructed. No sweeping, hair, rubbish, rugs, paper, or other substances shall be thrown into plumbing apparatus.

y. No repairs to vehicles shall be permitted on the property, with the exception of minor emergency repairs. No undue racing of engines or tire-squealing accelerations shall be permitted.

z. No pets, including dogs and cats, shall be permitted on the Property at any time.

aa. The Manager may prohibit the entrance or require the immediate departure of any dog, cat or other pet and the person or persons accompanying the same which he believes to be in violation of these rules.

bb. Any animals on the Property in violation of these rules may be summarily impounded without notice, and all costs and expenses thereof and all damages arising from property damage, personal injury, and injury to the animal in so doing shall be the sole responsibility of the animal owner.

cc. TSOs or their tenants shall be permitted to use the Common Areas and Facilities, including the beach, only during their assigned Periods of Occupancy.

dd. No person shall trespass upon adjacent properties, and no illegal poaching or pollution of such adjacent properties shall be permitted.

ee. No fires shall be permitted on the beach at any time.

ff. No personal property of any person shall be left on the beach at any time, and no person shall disturb the natural setting of the beach.

gg. All watercraft and related items shall conform strictly to all United States Coast Guard regulations and be kept and maintained in a safe and operable condition.

hh. No boat repairs, painting or hull maintenance may be undertaken on the Property at any time.

ii. No buoys shall be placed in the adjacent waters.

jj. No boats shall be launched from the Property.

kk. The Manager shall have the sole and complete authority to determine when, in what order, and under what conditions boats shall be moored and stored in, on or about the Common Areas and Facilities.

ll. The Manager shall have the right to establish additional rules and regulations relating to the use of the Common Area and Facilities, including boat storage, maintenance, operation and launching; swimming; tennis; and the use of other recreational facilities, and to post or otherwise promulgate and enforce the same.

mm. The Manager shall have the right to deny access to any person to any portion of the Property, including such person's Unit, or Common Areas and Facilities in the event the Manager determines that such person is in violation of any term or provision of the Declaration, Bylaws, or these Rules and Regulations. The Manager shall also have the ability to recommend to the Board that certain fines be levied against persons not complying with any of such documentation.

nn. Do not feed the ducks, sea gulls or geese, (Please note that the City of Chelan ordinance prohibits this activity which may be subject to a \$1,000.00 fine by the City).

oo. No more than 5 persons allowed in a one bedroom unit.

pp. No more than 7 persons allowed in a two bedroom unit.

qq. Persons under 18 years of age occupying a unit must be accompanied by an adult.

rr. Pool and Hot tub hours are 8 a.m. to 11 p.m.

ss. There will be an extra charge if the unit is left in such a state that extra cleaning time is required to clean the unit, if the unit is damaged, or if items are taken from the unit.

tt. No floating devices in pool/hot tub (small children may wear life jackets, muscles, life rings).

uu. Swim diapers are required on all infants/toddlers.

vv. Any action which causes closure of the pool is prohibited.

ww. Refueling of boats/jet skis is prohibited on docks and beach.

xx. A violation of local, state and federal laws while at Peterson's Waterfront will also be a violation of these rules and regulations.

This Rules and Regulation Compliance Policy is hereby adopted by the Board of Directors for Peterson's Waterfront this 19th day of April , 2003.

Board of Directors:

Rod Blume, President

Len Chapman

Sue Crinklaw

Steven Erickson

William Sharleu